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Computer and Related Services (3)

1. What benefits are brought to the information technology industry by the liberalization measures on Computer and Related Services?

Under Supplement IV to the CEPA, Hong Kong service suppliers (HKSS) are allowed to set up wholly-owned enterprises in the Mainland to provide software implementation services and data processing services.

2. Under Supplement IV to the CEPA, Hong Kong service suppliers (HKSS) are allowed to set up wholly-owned enterprises in the Mainland to provide software implementation services. What is the scope of business for software implementation services?

According to CPC, United Nations Provisional Central Product Classification, software implementation services refer to all the services involving consultancy services on, development and implementation of software. The term "software" may be defined as the sets of instructions required to make computers work and communicate. A number of different programmes may be developed for specific applications (application software), and the customer may have a choice of using ready made programmes off the shelf (packaged software), developing specific programmes for particular requirements (customized software) or using a combination of the two.

The software implementation services are divided into the following classes of services-

- systems and software consulting services;
- systems analysis services;
- systems design services;
- programming services; and
- systems maintenance services.

3. **Under Supplement IV to the CEPA, Hong Kong service suppliers (HKSS) are allowed to set up wholly-owned enterprises in the Mainland to provide data processing services. What is the scope of business for data processing services?**

According to CPC, United Nations Provisional Central Product Classification, data processing services are divided into the following classes of services-

- input preparation services;
- data-processing and tabulation services;
- time-sharing services; and
- other data processing services.

Information Technology Services (7)

1. **How CEPA benefits the Information Technology (IT) industry?**

CEPA not only facilitates HK IT industry's access to the Mainland market, but also allows third-party accreditation of the SI capability of local service suppliers.

According to the regulations of the Mainland Government, IT companies conducting business in IT system integration have to undergo Computer Information System Integration Qualification Certification (hereinafter referred as **Qualification Certification**), and to obtain Computer Information System Integration Qualification Certificate (hereinafter referred as **Qualification Certificate**). Under the original system, only companies registered in the Mainland are eligible to apply for Qualification Certification.

Under CEPA II, Hong Kong service suppliers are allowed to apply for the Qualification Certification in accordance with the provisions of the relevant regulations and rules of the Mainland.

In consideration of the differences in business environment between Hong Kong and the Mainland, the Mainland provided special arrangements to facilitate service suppliers in Hong Kong applying for Qualification Certification. Those arrangements include the appointment of an intermediary organization in Hong Kong to help assess Level 3 and Level 4 Qualification

Certification applications of local service suppliers.

Further liberalization measures under CEPA in 2006 confirmed assessment criteria that are applicable to Hong Kong service suppliers only. Those criteria are in the 4 areas of professional job title, business turnover, number of personnel, and quality management system). The aforesaid liberalization measures have been effective since 1 January 2007.

2. **What is Computer Information System Integration Qualification Certification (Qualification Certification)?**

Computer Information System Integration (hereinafter referred as **SI**) refers to the overall planning, design, development, implementation and maintenance of computer application system and network system projects.

Computer Information System Integration Qualification (hereinafter referred as **SI Qualification**) refers to the overall capability to handle computer information system integration, including factors such as technical competence, management capability, service level, quality assurance capability, technical set-up, project performance, composition and quality of staff, business turnover, assets profile etc.

Computer Information System Integration Qualification Certification (Qualification Certification) refers to the scheme through which a company in the business of SI would, by undergoing a Qualification Certification process, be recognized as having the **SI Qualification** and be awarded with **Qualification Certificate** at the appropriate levels. According to the regulations of the Mainland Government, all departments who want to implement IT system should choose companies with the appropriate Qualification Certificate for doing the job.

3. **How does the Qualification Certification scheme operate?**

For details about the operations of the Qualification Certification scheme, please refer to the following documents issued by the former Ministry of Information Industry (MII) :

(N.B. the documents are in Chinese)

- Computer Information System Integration Qualification Management Method (Pilot) (Xinbu Gui (1999) No. 1047)
- Computer Information System Integration Qualification

Assessment Criteria (Revised Version) (Xinbu Gui (2003) No. 440)

- Computer Information System Integration Project Manager Qualification Management Method (Pilot) (Xinbu Gui (2002) No. 382)
- Application Procedures for Computer Information System Integration Qualification Certification (Pilot) (Xingui Han (2001) No. 2)

The aforesaid documents can be found in the web-site of the Computer Information System Integration Qualification Certification Office of MIIT :

<http://www.ceecm.gov.cn>

4. What are the special arrangements that facilitate service Hong Kong enterprises applying for SI Qualification Certification?

Since 1 January 2007, there are special arrangements in the 4 areas of professional job title, business turnover, number of personnel, and quality management system. -

- (a) For enterprises applying SI qualification certification, there is no assessment on the “Professional Title”;
- (b) Projects undertaken in both the Mainland and Hong Kong can be taken into account in counting the business turnover in SI;
- (c) For enterprises applying for Level 3 qualification certification, personnel involved in software development and system integration should not be less than 40; and
- (d) The quality management system of enterprises applying for levels one to three of the SI qualification certification is required to be certified by a third-party assessment body only.

5. How to apply for Qualification Certification?

Detailed procedures for applying Qualification Certification and relevant Project Manager qualification are provided in the Office of the Government Chief Information Officer (OGCIO) Notice to Local IT Service Suppliers No. 3/2006 & 1/2008.

The Notice can be found in the web-site :

<http://www.ogcio.gov.hk/eng/pubpress/eogciosic.htm>

6. How much does it cost applying for SI Certification?

Different Assessment Centres may charge differently depending on the assessment services they provide. Hong Kong Productivity Council (HKPC) is the Assessment Centre in Hong Kong and is empowered to process applications for Level 3 and 4 SI Certification. The assessment fee charged by HKPC for both levels can be found in HKPC's web-site :

<http://www.hkpc.org/sqa/page4.htm>

7. How long does it take for the whole SI Certification process?

The whole SI Certification process consists of the following 3 major components: assessment by Assessment Centre, vetting and recommendation by the OGCIO, and approval by the MIIT. HKPC estimated that the assessment period of each application will last 10 weeks. Under normal circumstances, OGCIO will complete vetting and recommendation in 7 clear working days. In summary, the 2 components that took place in Hong Kong would last for 3 months. The MIIT will process the applications in batches. Please refer to OGCIO's web-site for submission deadlines:

<http://www.ogcio.gov.hk/eng/pubpress/eogciosic.htm>